

Department finds that KeySpan's consolidated LDAF is consistent with the public interest and will result in just and reasonable rates for ratepayers. Further, the Department finds that KeySpan's consolidated Terms and Conditions and standardized rate tariffs are consistent with the public interest.

Therefore, KeySpan's consolidation proposal is approved subject to the following changes, as more fully stated above: maintain the current treatment of gas acquisition costs in the calculation of separate GAFs applicable to Boston Gas, Colonial, and Essex;³⁰ calculate the purchased gas working capital allowance factor separately as part of the GAFs for Boston Gas, Colonial, and Essex; revise the LDAF formula and corresponding definitions to provide for interest on the past period reconciliation amount; and institute a two-year mitigation plan, as specified herein, to implement the consolidated GAF for Essex customers.

VII. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That tariffs M.D.T.E. Nos. 101.1 through 112.1³¹, 113 and 114, 201 through 213, 301 through 313, and 401 through 414 filed by KeySpan Energy Delivery New England be and hereby are APPROVED; and it is

³⁰ KeySpan's proposal already provides for maintaining the current treatment of bad debt expense in the calculation of separate GAFs for the three companies (Exh. KED/AEL-1, at 10).

³¹ The change in numbering of the tariffs from those originally filed for Boston Gas (M.D.T.E. Nos. 101.1 through 112.1) is a result of a subsequent filing by Boston Gas and Department approval in Boston Gas's annual performance-based regulation filing. Boston Gas Company, D.T.E. 04-88 (2004).

FURTHER ORDERED: That tariff M.D.T.E. No. 3 (Distribution Terms and Conditions) filed by KeySpan Energy Delivery New England be and hereby is APPROVED; and it is

FURTHER ORDERED: That tariff M.D.T.E. No 1 (Cost of Gas Adjustment Clause) filed by KeySpan Energy Delivery New England be and hereby is DISALLOWED; and it is

FURTHER ORDERED: That tariff M.D.T.E. No 2 (Local Distribution Adjustment Clause) filed by KeySpan Energy Delivery New England be and hereby is DISALLOWED; and it is

FURTHER ORDERED: That KeySpan Energy Delivery New England shall comply with all directives contained in this Order.

By Order of the Department,

_____/S/_____
Paul G. Afonso, Chairman

_____/S/_____
James Connelly, Commissioner

_____/S/_____
W. Robert Keating, Commissioner

_____/S/_____
Eugene J. Sullivan, Jr., Commissioner

_____/S/_____
Deirdre K. Manning, Commissioner